TD

United Nations Conference on Trade and Development

This record is subject to correction.

Participants wishing to make corrections should submit them in writing to the Official Records Editing Section, room E.4108, Palais des Nations, Geneva, within one week of receiving the record in their working language.

Any corrections to the records of the meetings of the Board at this session will be consolidated in a single corrigendum to be issued shortly after the end of the session.

GE.78-69166

5. Mr. GIL (Venezuela) said that the work of UNCTAD V should be so organized as to avoid excessive dispersal of topics. If negotiations were fragmented, the developing countries would be handicapped, because their delegations were small, and matters on a study could not be properly related to each other. Questions should be classified in four broad categories, the first corresponding to draft resolutions agenda item 4 (TD/B/L.507); the second covering trade and development problems relating to specific subjects such as commodities, manufactures, transfer of technology, etc.; the third comprising the international monetary and financial system and the transfer of resources for development; while the fourth would cover all the remaining questions, including particularly economic co-operation among developing countries and special measures in favour of the least developed, land-locked or island countries.

6. Mr. PIPA (Romania) said that UNCTAD V would be held at a critical moment. The world economic, monetary and financial crisis had adverse effects on all countries and all international trade and co-operation, but obviously the developing countries were the main victims. Their external debt had never been so large and they were encountering new protectionist barriers in the Western markets, which limited their export earnings and thus compelled them to reduce their imports considerably.

7. International efforts made in recent years to remedy the situation had not yielded the results hoped for. Negotiations on such vital matters as commodity trade, the removal of barriers to trade, the transfer of resources and development financing, the transfer of technology or industrialization, had either been unsuccessful or had been postponed or were still in a state of deadlock. Moreover, unilateral action taken by some developed countries to boost their economy, disregarding the closer and closer interdependence of all countries, had merely aggravated economic difficulties, particularly in the third world.

8. The crisis was basically due to an inequitable international economic system, and UNCTAD V should help to create greater awareness in the international community of the fact that the serious problems before mankind were closely linked with the establishment of the new international economic order and the promotion of new international relations based on equality, national independence and mutual advantage.

9. For the Romanian delegation, the preparations for the Conference comprised several aspects. First, the basic political objective should be defined in order to give meaning at once to preparing work, the organizing and the conducting of the conference. Secondly, all negotiations in UNCTAD should be expedited so that practical decisions could be adopted at the fifth session on the basis of their results. Thirdly, all States should endeavour to translate the principles, declarations and objectives adopted so far into practical measures.

10. The basic objective of the fifth session should be to increase the political effectiveness of UNCTAD as part of an all-embracing effort to build a new international economic order. To that end, UNCTAD should use all the political and institutional means available to it. The political will of every State was crystallized in an international framework, particularly since the world could not indefinitely remain divided into a rich minority and a poor majority, and since owing to their interdependence the industrialized countries could no longer solve their problems without the participation of the developing countries.

11. In the circumstances, it should be the main task of UNCTAD V to take stock of the situation with regard to the implementation of the decisions adopted at the fourth session, to reaffirm them and take new decisions to settle the serious problems which had emerged in recent years, and to promote progress in the drafting of rules of conduct for States in various areas of international economic relations. Those decisions might also be important contributions to the preparations for the special session of the United Nations General Assembly in 1980 on the new international economic order and the international development strategy for the period 1980-1990.

12. For those tasks, the Conference should have an agenda that would make it possible to give priority to action on the most important matters: international monetary trade, removal of obstacles to trade, financing of development, transfer of technology, and economic co-operation between developing countries. Everything should be done to ensure that UNCTAD emerges from the fifth session stronger, with increased prestige and authority and more dynamic means of action. His delegation therefore approved the guidelines defined by the Secretary-General of UNCTAD.

13. The entire UNCTAD machinery should be mobilized to prepare for the fifth session. The Board's current session was particularly important, because it had to adopt firm decisions on the organization of negotiations for the establishment of the Common Fund, the specific aim of negotiations on commodities, the creation of the conditions necessary for the success of the Conference's work on the transfer of technology, and the drafting of international rules of conduct on the transfer of technology, and the drafting of international conventions concerning restrictive business practices and multimodal international transport.

14. UNCTAD V was part of the major international negotiations which, as the Secretary-General of the United Nations had emphasized at the recent session of the Economic and Social Council, absolutely had to succeed. For that purpose, the political will of all States would be required, because under-development had deep roots in the unequal and inequitable relations between States and called for a political solution.

15. Mr. DASS (Trinidad and Tobago) briefly summarized the measures adopted after the Second World War to reorganize monetary and trade relations, resulting in the establishment of UNCTAD and the opening of a dialogue which had recently led to specific negotiations. The draft provisional agenda for UNCTAD V (TD/B/L.507) contained an inventory of the negotiations in progress, which in many areas (restrictive business practices, technology, maritime transport, Integrated Programme for Commodities) had reached a decisive stage and called for a new political impetus which UNCTAD V should impart to it.

(e) PROGRESS IN THE IMPLEMENTATION OF:

(i) SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES (TD/B/501 and Add.1; TD/B/719; E/1979/86, parts 1 and 2)

(ii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF DEVELOPING ISLAND COUNTRIES (TD/B/507; TD/B/AC.21/24; TD/B/705)

(iii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF LAND-LOCKED DEVELOPING COUNTRIES (agenda item 6 (e)) (continued) (TD/B/706; E/1979/71, parts 1 and 2)

29. Mr. ODHNOFF (Sweden) speaking on behalf of the delegations of Finland, Norway, and Sweden, said it was generally recognized that the economic situation was particularly severe for the poorest countries. During the past four years their growth rate had averaged 0.5 per cent as compared with over 5 per cent for the middle-income countries. The import bill for oil and manufactures had increased dramatically at the very time when the net resource flows from developed countries and multilateral institutions were stagnating. The Governments of the Nordic countries felt that that trend should be reversed through evolving a more effective response to the long-term development needs of the least developed countries, particularly the most seriously affected. In their opinion the poorest countries were not in need of UNCTAD resolutions, which was not reflected in their low current industrial planning capacity. But it was not acceptable that that lack should be eroded through lack of UNCTAD resources. Co-operatively-minded developing countries must contribute as should in any event revenue-rich industrial planned Parties.

30. The total external debts of the least developed countries represented some 30 to 40 per cent of their gross national product. It was therefore no exaggeration to say that the debt burden of the developing countries constituted a serious international problem. The Swedish Government had unilaterally announced its decision to write off the total stock of its ODA credits to the least developed and most seriously affected countries, and that decision had taken effect as of 1 July 1978. The Finnish Government had decided in late 1977 to write off, subject to parliamentary approval, all outstanding development credits within its bilateral assistance programme to the least developed countries and other countries in a comparable position. Norway had always given all its development assistance in exact form. Many other developed countries had recently taken similar decisions, which should be welcomed. In that respect the Ministerial meeting of the Board held in March 1979 might be considered as relatively successful.

31. Miss BEUCK (United States of America) said that her Government had taken a number of concrete policy measures, both in its bilateral development assistance programme and in its general international economic policies, to ensure that particular attention was given to the concerns of the least developed countries.

32. The United States had steadily increased both the quality and quantity of its official bilateral development assistance. During the current fiscal year, its bilateral development assistance to the least developed countries would

30. It had, moreover, maintained economic relations with several of those countries for many years, starting with the mutual exchange of goods and extending to other fields such as technical, economic and industrial co-operation. An important element with regard to mobilizing national resources in developing countries was the activity of experts seconded to some countries and the nationals from least developed countries admitted to the German Democratic Republic for vocational training in its factories. The Democratic Republic was also involved in establishing industries for the local processing of raw materials and was prepared to purchase products manufactured in those factories.

31. Its trade and economic relations with other States were based as a rule on intergovernmental agreements (most of them long-term ones with an average validity of five years) which favoured stability and continuity. In recent years those relations had been expanded by the conclusion of new agreements with more of the least developed countries. Priority measures taken by his country with regard to co-operation with those countries had consisted in particular of assigning engineers, pilots or other experts to them to set up enterprises and organize services. It had supplied some countries with means of transport and agricultural machines on favourable terms. It was also endeavouring to support the sale of the products of those countries. The activities of joint intergovernmental committees, economic commissions and others might also be regarded as a contribution to strengthening their co-operation.

32. The German Democratic Republic also provided assistance in the form of training for national cadres from the least developed countries. Under the auspices of its Government and of UNIDO, four international training courses had been held at scientific institutions in 1970 and 1971. One third of the participants had come from the least-developed countries.

33. Mr. ZAVOICKY (Czechoslovakia) said that the great difficulties faced by the least developed among the developing countries were due to their serious economic backwardness, inherited from their colonial past and the adverse consequences of the present domination in the capitalist world economy. Market instability, price fluctuations, inflation, protectionism and the continuing crisis of the international monetary system were particularly hard on those countries whose economies were the least developed. In order to achieve a real improvement in their economic situation, those countries must strengthen their national sovereignty and build up their national economy, particularly by expanding the public sector and mobilizing all their resources effectively. Measures in favour of the least developed countries should reflect those requirements and appropriately combine short-term and long-term measures.

34. Although the socialist countries were not to blame for the problems of the least developed countries, Czechoslovakia was expanding all forms of assistance in its economic relations with those countries, and it recognized the need for special attention to and international support for their development. It had taken appropriate measures in all sectors of its co-operation with them. During the past year, trade between Czechoslovakia and the developing countries had been

the most dynamic sector of its foreign trade as a whole. That was especially true of trade with the least developed countries; with Ethiopia, Guinea, Ghana, Afghanistan and Bangladesh in particular, it had established stable long-term co-operation based on the principles of mutual advantage, equality and mutual respect, by means of long-term agreements on trade, credit and scientific and technical co-operation. In that way, Czechoslovakia had concluded long-term trade agreements with 13 of the least developed countries, and long-term credit agreements with 11 such countries, to the amount of some 170 million. Under the terms of those agreements, which were very advantageous for its partners, Czechoslovakia supplied capital goods and equipment, including technological documentation, and sent out experts to help in construction, in starting up production, and in training local personnel. The agreements provided for credit repayment in the form of goods from the borrowing countries. In 1970, the number of Czechoslovak experts sent to the least developed countries had increased, as had the number of trainees in Czechoslovakia under nine bilateral scientific and technical co-operation agreements. Czechoslovakia had again recently increased its generalized system of preferences; customs duties had been reduced by 50 per cent for the developing countries and had been abolished entirely for the least developed among them.

43. Mr. ALULA (Ethiopia) supported the United States representative's proposal to include the question of the least developed among the developing countries as a separate item in the agenda of UNCTAD V, since the problems of those countries were not identical with those of the island, land-locked and most seriously affected developing countries.

44. The Board at each of its meetings should review the implementation of the various recommendations, resolutions, joint conclusions and other decisions taken in various bodies for the benefit of the least developed countries, and should do so systematically, inter alia by analysing the extent to which the developed countries, United Nations agencies and the secretariats had carried out the tasks assigned to them by organs of those organizations. The Board, in its resolution 85 (IX), had requested the working bodies to consider the problems of the least developed countries and to make concrete proposals in regard to them. During the past five years, however, the Division of the UNCTAD secretariat had done nothing for the benefit of those countries and had referred them entirely to the special programme, which was not supposed to formulate concrete proposals in the various fields of interest to the least advanced countries, such as commodities, financing and transfer of technology. The Board should look closely into the matter in order to determine responsibility for those shortcomings and request the Secretary-General of UNCTAD to see to it that the Divisions of the UNCTAD secretariat did their duty pursuant to resolution 85 (IX) and, in particular, prepared clear studies and formulated concrete proposals in favour of the least developed countries, for the fifth session of the Conference.

45. Ethiopia, which was among the least developed countries, had enacted legislation to improve the lot of its people by various means: agrarian reform, new agricultural methods aimed at increasing exports of traditional and

non-traditional products, and the progressive substitution of imported consumer goods. However, international financial assistance was required in order to complement the considerable efforts made by Ethiopia itself. Moreover, Ethiopia's own efforts to promote its exports would be nullified if Ethiopia was denied access to the markets of the developed countries on account of their tariff and non-tariff barriers to imports.

46. In that connexion, the developed countries should put into effect the commitments they had accepted under paragraph 6 of the Tokyo Declaration for the benefit of the least developed countries, and remove tariff and non-tariff barriers to the latter countries' exports. They should refrain, in the multilateral trade negotiations, from requiring those countries to submit lists of products. In any case, imports from the least developed countries posed no threat to the economies of the developed countries.

47. The Ethiopian delegation appealed to the developed countries to give due attention to the legal framework and to the code now being negotiated within GATT, and to give effect to paragraph 6 of the Tokyo Declaration, since otherwise the Declaration would be nothing but another slogan. If the developed countries did not wish to provide the benefits in question, they would do better to say so openly. The benefits conferred on the least developed countries would also promote the interests of other developing countries. A break-through would be made, and in the long run the developing countries as a whole would benefit thereby.

48. The interdependence of trade and finance had been thoroughly analysed. What the UNCTAD secretariat should look into closely was the means of preventing erosion of the purchasing power of the developing countries' export earnings because of inflation and currency devaluations in the developed countries, for example, on the lines of the European Economic Community's STABEX system.

49. Mr. TRAORE (Mali) said that he was disquieted by the poor efforts made to solve the problems of the least developed countries since at UNCTAD IV the developed countries had unanimously undertaken to promote the development of the 31 least advanced countries. The laborious negotiations of the two sessions of the Intergovernmental Group on the Least Developed Countries had produced negligible results. At the Group's second session, in July 1978, the developed countries had systematically refused to establish an international crash programme aimed at enabling the least advanced countries to overcome their deep-rooted structural problems. They had also rejected any notion of doubling the volume of assistance to the least advanced countries by 1980 and the possibility of an automatic transfer of resources to those countries. That refusal showed the lack of a political will to honour a commitment entered into at UNCTAD IV. The same applied to the resolution adopted at the Board's ninth special session in March 1978 on the subject of the least developed countries as well as to the specific provisions in paragraph 6 of the Tokyo Declaration in favour of those countries.

50. The least developed countries realized the importance of their own endeavours and were making heroic efforts to free themselves from poverty; but their efforts were cancelled out by an international situation dominated by inflation and economic stagnation. It was high time that the international community did its duty and established a vigorous programme of special measures for the benefit of the least developed countries in order to reverse the present trend. It should have no hesitation about doubling the volume of aid to those countries when large sums were being spent daily on arms.

51. The argument based on the low absorption capacity of the least developed countries was a good example of wrong thinking. Those countries' needs were so great that any amount of assistance, on whatever scale, could swiftly be used up for development purposes.

52. Mali, whose capital was 1,500 km from the nearest port, also shared the problems of land-locked developing countries, including those of transport costs. Moreover, during the past seven years the economic situation had been further aggravated by drought. The Malian delegation thanked the few developed countries which had agreed to cancel the debts contracted by Mali - a gesture which it hoped would set an example. It hoped too, that the Board would see to it at the current session that UNCTAD V would be able to set up specific and effective machinery capable of dealing once and for all with the serious problems of the least developed among the developing countries and those among them which were land-locked.

53. Mr. HENZE (Federal Republic of Germany), speaking on behalf of the member countries of the European Economic Community, said that the Community and its member countries realized the extent of the development problems facing the least developed countries. Most of the indicators accepted at international level (economic growth rate, development of manufacturing industries, share of world trade, illiteracy, etc.) showed that those countries were truly at a disadvantage. The Community countries, moreover, had always recognized the need to look into specific measures to deal with the particular problems faced by a number of island or land-locked developing countries.

54. The policies and measures of the Community member countries had been set forth in some detail at the second session of the Intergovernmental Group on the Least Developed Countries (TD/B/719). The Community and its member States were the main source of assistance to the least developed among the developing countries, having provided 52 per cent of the total bilateral and multilateral assistance from the countries members of the Committee for Development Assistance (CDA) of the Organization for Economic Co-operation and Development (OECD) between 1974 and 1976, and they strove to adapt their forms of assistance to the needs of the poorest of the developing countries.

55. The Lomé Convention granted preferential treatment in various fields, to half of its 56 beneficiaries, 19 of whom were on the United Nations list of least developed among developing countries and a number of island and land-locked countries. The least developed beneficiary countries, which represented 40 per cent of the total population of the African, Caribbean and Pacific States (ACP),

received over 60 per cent of the total financial resources. Moreover, the system of export earnings stabilization favoured the least developed, land-locked or island ACP States; the special provisions related to the financing of micro projects allowed for the establishment of activities which, particularly in the least developed countries, paved the way for subsequent larger-scale activity; and the provisions governing the financing of larger-scale projects enabled developing countries to participate in joint financing without relinquishing over-all financial control, along lines which were also of interest for the least developed countries. All these provisions, and other special measures, were being studied afresh with the States partners in the negotiations relating to the second Lomé Convention.

56. Outside the framework of the Lomé Convention, the Community's member countries were continuing to improve the operation of the generalized system of preferences so that it would be of greater benefit to the least developed countries; they had taken the initiative of launching joint measures with their non-governmental organizations which would bring broad benefits to the least developed countries, and they were continuing to devote a large part of their food aid to the latter as well as to other poor countries.

57. Many of the Community's member countries were implementing their own complementary policies in some of these fields. Several had announced measures for retrospective adjustment of debt servicing in respect of debts contracted by the poorer of the developing countries under the heading of official development assistance.

58. An increased over-all effort was undoubtedly required of all parties, but it was necessary to bear in mind the necessity for defining priorities according to particular needs rather than simply renewing appeals for measures relating to economic relations as a whole with particular categories of countries. The points to be considered should include the following: the reasons why seven of the principal least developed among developing countries had come to achieve in the 1970s a more rapid economic growth than any other; definition of real and specific trade outlets which might exist in certain cases; intensification of research into ways and means of improving administration and management techniques in providing assistance - an essential complement to assistance efforts in many of the least developed countries; transport and communications; and research into methods of harnessing new renewable energy sources.

59. Mr. GIL (Venezuela) said that his delegation was concerned about the situation of the least developed countries, which were those most seriously affected by the world economic crisis. It had in mind in particular the Sahel countries, and it deemed it a matter of urgency to take immediate and effective steps to draw up a special programme for them, since the problems to be faced were essentially of a structural nature and could not be overcome by isolated and short-term measures. Those special measures should constitute a whole and should include concrete measures at the international level aimed at promoting domestic action. The very grave situation in those countries called for the most speedy action.

60. The report of the second session of the Intergovernmental Group on the Least Developed Countries (TD/B/712) pointed out that the volume of assistance provided to the least developed countries by the industrialized nations, with a few exceptions, had not increased since 1977 and in some cases had even diminished. It also indicated that the future prospects for those countries were even bleaker. The entire international community, therefore, had the responsibility of seeking a solution to the problems of those countries, and all its members should contribute, as far as they possibly could, to the assistance furnished. The industrialized nations must of course make a special effort, and in that connexion, the Venezuelan delegation deplored the attitude adopted by the majority of the developed countries which, at the second session of the Intergovernmental Group, had refused to take concrete measures from the present time until the end of the decade in favour of the least developed among the developing countries. It also shared the concern expressed by the developing countries with regard to the hardening of the policies of co-operation of the industrialized nations towards the least developed countries.

The meeting rose at 5.40 p.m.